Remarks to the American Enterprise Institute and a Question-and-Answer Session

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Christopher DeMuth. Mr. President, what's on your mind this morning?

The President. First, thanking you for being the leader that you've been, and thanking AEI for generating good thought. People in the public arena need to have support for philosophy, and that's what you provide. So I appreciate all your hard work.

I thought I'd share some thoughts about the Presidency; you could call it "reflections on a—by a guy who's headed out of town." [*Laughter*] And then I'd be glad to answer questions—and foreign policy, if you want to.

First, I have found that—and by the way, every President is going to conduct their own way of doing business there in the White House. So mine is just mine. I have found that in order to have good decisionmaking and a White House that functions well, that the President needs to articulate a set of principles from which he will not defer. In other words, a set of principles that are inviolate, such as the universality of freedom. That's part of my foreign policy. A cornerstone of my foreign policy is my firm belief that freedom is universal. And freedom applies to Methodists and Muslims, men and women.

I've just come from an Afghan Women's Council that Laura was hosting. I believe that Afghan women have a right to be free just like women in America have a right to be free.

I believe in the collective wisdom of the American people. In other words, I believe we ought to trust individuals to be making decisions for their families. And it's always a tension between government—who can spend the money better, government or the individual? And that's been the basis of my tax-cut policy.

The tax cuts, of course, have been, you know, obscured—the benefits of the tax cuts have been obscured by the recent economic crisis, no question about it. But when they finally take a look back at whether or not tax cuts were effective or not, it's hard to argue against 52 uninterrupted months of job growth as a result of tax policy. And so my hope is, is that after this crisis passes—and it will—that people continue to write about and articulate a public policy of low taxes.

My health care policy also was all aimed at empowering individuals to make decisions for themselves and an attempt to establish a marketplace for individual policy by changing the Tax Code or health savings accounts.

I've been a firm believer in markets. That may sound contradictory to some of the policies that I have been making recently, which I'd be glad to discuss with you. [*Laughter*] But I strongly believe in the principle that markets really do represent the—a free society. I mean, after all, people produce goods and services based upon the demand of the individual.

I can remember going to China when my dad was the envoy there, and everybody had the same clothes on. It was like there was no demand. And then having gone back at the Olympics and saw a society in which the marketplace is beginning to function, it's just a vastly different society. And I happen to believe it's a society that—societies based upon the marketplace will be not only more free but more hopeful.

I have found that a President should take on tough problems. The temptation in politics sometimes is just kick them down the road; like, it's too hard to do, so let's just let somebody else do it. One such problem was immigration reform. And in this case I chose to put the spotlight directly on the issue by giving an Oval Office address. Obviously, we weren't successful about getting comprehensive immigration reform. Nevertheless, I feel good about having tried.

Part of the Presidency is the willingness to say, no matter how tough the issue may look, if it requires solution, go after it. And we did. And I do believe there will be a blueprint for a way forward. In other words, we must change the system. It's not working. Obviously, there needs to be more border enforcement—and we're doing that—but people need to be treated with dignity, and there needs to be a way forward for people who are lawful citizens. And there needs to be a temporary-worker program, for example, so that our employers who are relying upon people who are doing jobs Americans weren't doing aren't criminalized.

Anyway, the job of the President is to tackle these problems. And finally, the job of the President is to look over the horizon. And that's—sometimes that gets you in conflict with the legislative branch. The legislative branch tends to have a shorter term horizon than the executive branch. And so Chris mentioned Social Security; it's an example of a President looking beyond the moment and recognizing that this system is going to be bust unless we change it.

And I worked to lay out solutions. Rather than just call attention to the issue, I actually used my State of the Union Address a couple of times to talk about how we can look at changing the benefit structure, based upon wealth, as a way forward.

And I also talked about something that was quite controversial, and that's personal savings accounts. And of course, any time you go from a defined benefit plan to a defined contribution plan, and you're the person who gets to define the benefits, you're not likely to want to give up that ability. Nevertheless, there too is an issue where the—it didn't succeed. But nevertheless, I used the Presidency, the executive branch, the concept of the Presidency, to lay out a way forward. And so I appreciate you giving me a chance to come by and just share thoughts.

One final thought on the Presidency is, the Presidency—the institution of the Presidency is more important than the individual. And that's what really makes our country great. The Presidents will come and go with their strengths and weaknesses, but the ship of state sails on because of the institution being greater than the person.

And so the job of the President is to not only make decisions—you campaign for office, and you lay out what you're going to do—but a lot of times decisions come that you didn't expect. You got to be hoping for the best and planning for the worst in your Presidency. But it's also to bring stability to the institution itself.

And so there are some reflections for you. I'd be glad to answer some of the questions.

Presidential Powers

Mr. DeMuth. I have a batch here for you. And I'd like to start with a few questions about the institution of the Presidency, and with a genuinely hard, difficult question involving the President as constitutional officer. When you were a candidate in 2000, you said that you thought that you would veto legislation that you thought was unconstitutional. In office you've done what all of your predecessors—recent predecessors have done, which is to sign legislation and leave the constitutional questions to the courts.

It was pretty clear, at least to me, that you had real constitutional reservations about McCain-Feingold. But you signed it, your Justice Department argued for it, rather than against it, in the Supreme Court and won. And I'm wondering if, looking back, what you think of the old practice, which is for the President to stick to his own views on the Constitution, rather than leaving the Supreme Court as the sole decider.

The President. Well, there's been a big debate about war powers inherent in the Constitution. And I made some decisions during this war based upon what I thought was my constitutional power. And so there's an example of—as opposed to a piece of legislation, there's an example of me not allowing—you know, initially having the courts define what the power is. And that's—this has been a long-time debate, constitutional debate, is what are the war powers of a President?

And as you know, I have been aggressive at pursuing the enemy within the bounds of the Constitution. And some of the decisions I have made are being adjudicated in the Court. And so I'll dodge the one on legislation, but I won't when it comes to taking a constitutional view of the office of the Presidency.

Working With Congress

Mr. DeMuth. On legislation and dealings with the Congress, tell me, which is harder for a Republican President, a Democratic Congress or a Republican Congress? [*Laughter*]

The President. Sometimes they're both equally difficult. [*Laughter*] A Republican Congress was easier in some ways because we were able to work with the leadership to—on the timing of votes, for example, or judicial nominees. In some ways it was more difficult because when you worked with the

Congress, there was a ability at times to forgo Republican principles, and it put the President in a awkward position.

For example, budgeting; without the line-item veto, the President is in an awkward position when it comes to budgeting. So we sit down the leadership and say, here's the top line. We agreed to the top line. That's what the budgets did in the top line—with the top line. And yet, the slices of the pie were, in the recent past, really earmarks. And so without the line-item veto, it made it very difficult for me to bring budgets discipline. They could have—people said, well, just veto the whole budget. And my answer to that is, we, in good faith, negotiated the size of the pie. And so some Republican principles were violated when it came to earmarks, for example.

It's easier to veto bills when you're going against the—when the Democrats are in power, because, after all, it's Republicans who crafted the bills coming in. And so both are difficult, and both are necessary, and both have been interesting. [*Laughter*]

No Child Left Behind Act/Medicare

Mr. DeMuth. Presidents have to make compromises to get legislation that they really want. You made several compromises in winning your first big legislative victory, the No Child Left Behind program. Were there compromises that you made in obtaining that legislation, in legislation or execution, that you regret as you look back on it?

The President. I'm pleased with the progress in No Child Left Behind. The philosophy of No Child Left Behind was that in return for money, you must measure. That, of course, created some issues. Some Republicans and conservatives said, "What business is it of the Federal Government to insist upon accountability?" After all, there shouldn't be much of a role for the Federal Government. And people on the other side said, "We don't want to be measured."

I believe it is a Republican and conservative principle that we ought to ask for results. And if you're going to spend money, then it makes sense to say, "Are we achieving results?"

Secondly, as you know, I campaigned on compassionate conservatism. It's conservative to ask for accountability, and it's compassionate to insist that inner-city children be able to read at the fourth grade level. And yet, oftentimes the system was so process-oriented that the school districts would say, how old are you, and if you're 10, you're supposed to be here; and 11, here; 12, here—without wondering whether or not the child can read or write and add and subtract. So the basic principle inherent in No Child Left Behind, the philosophy of it, remained very much intact in the bill, and it's working.

And the Medicare bill—a quite controversial bill—was one where Republicans wrote the bill, and there was some compromising inherent in the bill. Nevertheless, the two broad principles remained intact: one, if you're going to make a promise, reform the program so it's effective. So, like, for example, we paid thousands of dollars for surgery but not a dime for the prescription drugs that could prevent the surgery from being needed in the first place. And we put market-oriented principles in the bill. You probably remember the debate where the—you know, there was a big debate about how much would this cost. And the CBO came up with a number, and I think it's now 40 percent less than what was anticipated because of market principles. Nevertheless, the bill wasn't as strong on market principles as I would have liked to have seen it.

And so, yes, you're, obviously, making compromises all the time with Congress. The key is to compromise without compromising principle. You can compromise points, but don't sell out the principle that is inherent in the bill.

National Economy

Mr. DeMuth. You'll be surprised that I have several questions about the auto bailout. [*Laughter*] Let me put it in the context of this discussion. Isn't the Detroit bailout an example of interest groups thinking they can get a better deal from the executive branch than from the Congress?

The President. That's an interesting way of putting it. First, let me take a step back. I haven't made up my mind yet, so you're assuming something is going to happen. [*Laughter*] This is a difficult time for a free

market person. Under ordinary circumstances, failed entities—failing entities should be allowed to fail.

I have concluded these are not ordinary circumstances, for a lot of reasons. Our financial system is interwoven domestically, internationally. And we got to the point where, if a major institution were to fail, there is great likelihood that there would be a ripple effect throughout the world, and the average person would be really hurt.

And what makes this issue difficult to explain is—to the average guy is, why should I be using my money because of excesses on Wall Street? And I understand that frustration. I completely understand why people are nervous about it. I was in the Roosevelt Room, and Chairman Bernanke and Secretary Paulson, after a month of every weekend where they're calling, saying, we got to do this for AIG, or this for Fannie and Freddie, came in and said, the financial markets are completely frozen, and if we don't do something about it, it is conceivable we will see a depression greater than the Great Depression.

And so I analyzed that and decided I didn't want to be the President during a depression greater than the Great Depression, or the beginning of a depression greater than the Great Depression. So we moved, and moved hard. The autos, obviously, are very fragile, and I've laid out a couple of principles. One, I am worried about a disorderly bankruptcy and what it would do to the psychology and the markets. They're beginning to thaw, but there's still a lot of uncertainty.

I'm also worried about putting good money after bad; that means, whether or not these autos will become viable in the future. And frankly, there's one other consideration, and that is, I feel an obligation to my successor. I've thought about what it would be like for me to become President during this period. I have an—I believe that good policy is not to dump him a major catastrophe in his first day of office. So those are some of the considerations that we're weighing.

What was the question on autos? [*Laughter*]

American Auto Industry

Mr. DeMuth. The President-elect said——

The President. Oh, you said Congress and the executive branch.

Mr. DeMuth. Yes, yes.

The President. Well, just remember a majority of Congress voted for a plan that we thought was a good plan. It didn't get the requisite votes in the Senate in order to move it on, but there was a majority vote if you add up the House and the Senate. So the Congress, in one way, expressed its will for a way forward with some—with a plan, or a strategy for viability.

Mr. DeMuth. But there must be some question in your mind whether the two political branches are better at bankruptcy restructuring than a bankruptcy court. I mean, we do have a law.

The President. Absolutely.

Mr. DeMuth. Do you think when everybody stops——

The President. I think under normal circumstances, no question, the bankruptcy court is the best way to sort through credit and debt and restructuring, no question. These aren't normal circumstances; that's the problem. This is—it's a hard issue for political people, because people never know how bad it could have been. And so the decisions you make are easy to—for people to say, "Why did he do that? Why is he wasting our money on this?" Or, "Why is he doing that?" Because without a catastrophe, the reasoning doesn't—it just doesn't really make it down to the grassroots.

People look at, "My money being used because Wall Street got excessive." And I make the case that I didn't want to do this. It's the last thing I wanted to do. Nevertheless, I felt compelled to do it, because it would make life worse for you. We lost 533,000 jobs last month. What would another million jobs lost do to the economy? What would that do to the psychology in markets? What would that do—how would that affect the working people? And so as you can tell, we're all in, in this administration. And if need be, we'll be in for more.

National Economy

Mr. DeMuth. It may be bad form to recall campaign rhetoric during a transition, but I remember President-elect Obama during the campaign blaming the crisis on Bush deregulation. Do you have any opinion on that assessment of the causes?

The President. I'm looking forward to the true history of this financial crisis being written. No question, part of the crisis came about because of excesses in lending in the housing market. My administration early on expressed concern about implicit government guarantees and the mortgage industry in Fannie and Freddie, and that we were concerned about excesses in lending and concerned about Freddie and Fannie having too much capacity to lend because of the implicit guarantee. And so we called for a regulator.

But this will all be sorted out when they finally analyze what went right or what went wrong. When you're the President, you can think about what went right and what went wrong; you can analyze it. But when you're getting phone calls from the Secretary of the Treasury saying, we got to do something on AIG, otherwise there could be an international collapse, that's where your mind is. And that's where my mind—it turns out this isn't one of the Presidencies where you ride off into the sunset, you know, kind of—[*laughter*]—waving goodbye.

President's Advice to Elected Officials

Mr. DeMuth. Do you have—on Fannie and Freddie, do you have any advice for our new President, such as that they be abolished? [*Laughter*]

The President. No, my advice for all elected officials after this crisis passes is to remember that markets and free enterprise is what made the country great, and that these measures were temporary measures. They're not an excuse for the Government to be running automobile companies, if that's the decision I make, or for the Government to be always involved in mortgages; that there is a proper role for Government, which is oversight; and that the role of Government really is to create an environment in which risk takers feel comfortable taking risk and where capital moves as freely as possible.

That's why I am a big believer in free trade, for example. Trade opens markets; trade gives—and fair trade, I might add—and trade gives people an opportunity to risk and have their products sold in environments other than the domestic environment.

The danger is, of course, that people who believe the government can manage the economy better than the private sector will use this decision as an excuse to keep Government involved. And that's why AEI is going to be important long after my Presidency, to be talking about the merits of markets and the merits of free enterprise.

I hosted this international conference, and what was interesting out of the international conference was that people said we should defend the marketplace and defend trade. One of the great fears I have is—a couple of things—one, that the United States could become isolationist. We have done so in the past, and it's kind of a—could be a fatigue about helping liberate people, or helping people advance, or helping people on HIV/AIDS on the continent of Africa—you know, "We're tired of doing this; can't other people do it?" That could lead to isolationism. I'm very worried about that. The world needs America's involvement. We're a compassionate, decent, strong nation.

And I'm worried about protectionism. Protectionism tends to be the twin of isolationism. And I'm worried about protectionism because I—if you study the economic past, protectionism is what caused the Great Depression to be a greater depression—Smoot-Hawley Tariff. If you're interested in development and helping poor nations become less poor, then you ought to be an advocate for trade. It's one thing to give out grants, but the amount of wealth generated by trade overwhelms the amount of money that the world gives out in grants.

And so anyway, keep going.

Government Bureaucracy

Mr. DeMuth. Keep going. I have a question or two about inside the executive branch.

The President. Okay.

Mr. DeMuth. Presidents also have to contend with the fourth branch of Government; that is the bureaucracy, the permanent Government.

The President. Oh, I thought you were going to say the press. [*Laughter*] Symbiotic relationship with the press, I want you to know.

Mr. DeMuth. That's right, it's the bureaucracy and the press. The bureaucracy can outmaneuver the White House. And domestic and foreign policy agencies have, you may have noticed, opposed your policies and undermined them on occasion. And I wonder if you have any advice for future Presidents about how to contend with that very difficult problem.

The President. Make sure information gets into the Oval Office on a timely basis so that when you find bureaucracies delaying policy, then you do something about it. It's not inevitable that—the best bureaucratic move, if people disagree with policy, is just to delay and hope the President isn't paying attention.

And so therefore, the structure of the office is going to be important, and I've tried to keep a relatively flat organizational chart so that key players can come into the office on a regular basis. I did so for two reasons. I like to hear different points of view, and I want people to feel comfortable coming and saying, "Here's what I think," or, "Here's this delay taking place"—"Do you understand that you said this and then nothing has happened, Mr. President?"

And the other thing is, is that a lot of the job is to build a sense of teamwork, a sense of team. Listen, these people in the White House work incredibly long hours. And if they don't see the President, it creates anxieties. And so people walk in, and they tell me what's on their mind. They go home and say, "You know, I told him—you know, I saw the President." [*Laughter*] They didn't say whether I listened or not. [*Laughter*]

And so one way to deal with the bureaucracy is to be well informed. And the best way to be well informed is to make sure you have an organization that enables information to get in the Oval Office in a timely fashion. And therefore, you're going to need to have a Chief of Staff—at least this is the way I thought it should be done; I'm not telling anybody else how to do it. You scholars can figure out whether it's right or wrong, how it's worked relative to other Presidents.

But my Chiefs of Staff, Andy Card and Josh Bolten, are—have been—are unusual people because they have not said, everybody must go to me before you go see the President. In other words, they're not junior prime ministers. They are facilitators who understand that this system suits me best, and therefore, aren't jealous about the time that I allocate to somebody who they haven't necessarily blessed in the White House, in the Oval Office. And so it's worked pretty good.

President's Staff

Mr. DeMuth. That's fascinating. Let me pursue one point that you made. Ronald Reagan was once asked if it was true that his Secretary of State and Secretary of Defense were arguing openly in front of him. And he said, "All the time." Have you encouraged people to argue to move the hard questions in the Oval Office?

The President. Oh, absolutely. Absolutely. Creating tension is good for decisionmaking, so long as it doesn't become destructive. And I see Leon there; we've had some serious debates inside the White House on stem cell. And they were open, and they were—all opinions were welcomed. And there was a variety of opinions.

Sometimes issues are easy to resolve, where the national security adviser and the domestic policy adviser could come in and say, "We've discussed the issue internally, Mr. President, and we all agree." But in matters of war, for example, there's difference of opinions; the surge, for example. There was a lot of different opinions on the surge. And that's the way it should be. People say, "Well, do you ever hear any other voices other than, like, a few people?" Of course I do. And I have enjoyed listening to the debates among people I work with. And I also like the idea of people being able to walk into the Oval Office and said, "Have you thought of this?" Or, "The debate is headed this way; I'd like you to consider this."

And sometimes that can be disruptive, obviously, but the President has got to have a—be grounded enough and have enough judgment to know how to manage the advisers.

Bioethics/Stem Cell Research

Mr. DeMuth. You mentioned stem cell research.

The President. Yes.

Mr. DeMuth. Some people forget that before 9/11, that was one of the big issues of your first months in office.

The President. It was.

Mr. DeMuth. It was the subject of your first national address on television.

The President. It was.

Mr. DeMuth. And I wonder if looking back, you think—what you think you're most important legacy is in the area of bioethics? And what you think your most important accomplishments were? If there was more that could have been done?

The President. Well, I told the American people I believe in a culture of life. I believe a healthy society is one that protects the most vulnerable among us. And clearly, the most vulnerable among us are those who aren't born yet. Obviously, abortion is a very controversial subject, and it's one that creates a lot of emotions.

I try to diffuse the emotions by saying, look, good people disagree on the issue; I understand that. But throughout my Presidency, I have tried to help advance the culture of life. And one of the really classic tensions between the culture of life is that with science. And it's—Leon Kass instructed me throughout this process that tensions existed for a long time, and will continue to exist.

And the fundamental question with stem cells is, do you destroy life to save life? And it's a difficult issue for a lot of people. I came down on the side that there are other opportunities available to save lives other than the destruction of life. And secondly, I was concerned about using taxpayers' money to—that would end up destroying life. There's a lot of people in our country that don't want their money spent on—for that purpose.

I developed a policy, which I thought sounded rational. And that is, there have been some stem cells lines already developed, embryonic stem cell lines developed prior to this decision; therefore, we should go forward with research on them. But from that point forward, no destruction of life with Federal money. Since then, adult skin cells have been used to develop the equivalent of embryonic stem cells. And so science has advanced, and at the same time, we were able to stake a claim for the culture of life. It was a very emotional issue. And that's what happens when you confront controversial topics.

And I believe the President should have a core set of beliefs and stand on those beliefs.

Health Care System/Prescription Drugs

Mr. DeMuth. Thank you. The U.S. is one of the—it's the only advanced society that doesn't have comprehensive price controls on pharmaceutical drugs. We have the highest-priced drugs, and we have the highest rate of innovation in lifesaving new drugs. We're moving, clearly, toward increased price controls at the administrative level and in Congress. Pharmaceutical companies are cutting back on their R&D investments. Do you think this trend is inevitable? Do you think that your Medicare Part D reforms will make that problem worse, or by introducing market mechanisms, help be the solution?

The President. The whole medical debate is headed toward whether or not the Government ought to be setting the price of medicine. I believe that we ought to resist that and cause markets to flourish. And we don't have a real functioning market in health care right now. I'm going to get to the drugs in a minute but—generically, to use a drug term that the problem is, is that you've got many people's policies being paid by somebody else, and there's—so therefore, there's no market. People don't say, well, how much is this costing, or what's the quality of health care with this person or this hospital?

So the consumer—there's no consumerism. There's no demand for better price. And so part of the policies I described early were to, like, do health savings accounts or changing the Tax Codes, all aiming at putting the patient in the midst of the market, getting that person to demand better quality at better price.

In terms of drugs, I am concerned about Government pricing drugs to the point where drug manufacturers don't have enough capital to keep reinvesting in new discoveries. One of the great things about our medicine is we're the best in the world. And all policy ought to be aimed at keeping us the best

in the world. There are policies in place that allow manufacturers to amortize the cost of their R&D, and then generics become available. And it seems like to me that we can do a better job of making people aware of generic drugs.

And part of Medicare Part D does just that. It shows seniors what options are available, and they get to choose a variety of plans. I remember the debates on Medicare. People said, well—and kind of inherent in the debate was this sense of—that, well, maybe seniors don't know how to choose things. You know, they're used to the Government plan, and therefore, isn't it a—too much of an imposition to provide people with all different options? And when we were selling the Medicare reform, I can remember going to senior centers, and there would be seniors looking at 10 different plans to choose from. And people were competing for their business. And these plans would go out and find the generics, to make them available.

And so I—the marketplace is a much better allocator of resources than the Government trying to allocate resources. And secondly, the American people need to know, if somebody needs financial help, if somebody is poor and destitute, they'll get help in our system. And there's a lot of help for people who are destitute.

National Economy

Mr. DeMuth. A related question is the ownership society, a major theme of yours. Will it survive the financial crisis? Will we recover our bearings? Are the initiatives you put forward in the name of greater ownership going to—are they going to come back after——

The President. Oh, absolutely. Absolutely. I mean, you know, the danger, of course, is that Government stays so involved that markets don't really develop. Just some thoughts on this: I am—the markets sometimes create excesses. We're living through the consequences of the excess.

I quipped in Texas that Wall Street got drunk, and we got a hangover. And that's what happened. There wasn't much transparency. There was so much liquidity that people felt like they needed to invent product to get in front of the money train. And the danger, of course, will be that we—instead of having rational regulation that's balanced, we'll over-regulate. And if we do, then it's going to make it harder for the ownership society, because it's going to make it harder for free enterprise to flourish. But the idea of owning small businesses has been a integral part of our country's past and should be in the future.

The key there is the tax policy. Will we price small businesses out of the capacity to retain capital and grow? So most small businesses pay individual income taxes because they're subchapter S or limited partnerships. And so when you hear people say, tax the rich—when they start raising that upper bracket, they're also taxing a lot of small-business owners. And policy ought to be asking the question, how do we encourage small business ownership growth, not how do we penalize it?

So over-regulating the overall economy will make it harder for the ownership society, and I just hope that doesn't happen. I don't think it will. I understand the concerns; I share the concerns, and there's going to be a lot of people like AEI speaking out against keeping the Government at the helm of the economy. And good tax policy and good regulatory policy beyond that will help small businesses grow. That's an integral part of the ownership.

Same with housing. The key on housing is, obviously, the interest rates: How much does it cost to buy a house? And people are going to own homes. And the housing market will lead this recovery when it starts. And it's going to take a while though. I'm not an economist, but it'll take a while. And there are some encouraging signs—not many, but some. Evidently the amount of mortgage applications rose, which is a good sign. I don't know whether that's working off unsold homes yet, but it's a good sign.

And by the way, there's a lot of talk about stimulus. And I'd like to remind our fellow citizens, there is a stimulus package taking place right now, and that is the reduction of gasoline prices. And the reduction of gasoline prices from July to now on an amortized basis—if you take the reduction here, and you amortize it over a year, it's about $2,000

a family, which is an effective stimulus package.

Energy

Mr. DeMuth. Let me ask you two questions, if I may, about energy policy. The first is, are you satisfied with the progress in recent years in reviving nuclear energy? The second is about ethanol. The question says, "Ethanol subsidies are popular with politicians of both parties"——

The President. Like me.

Mr. DeMuth. ——"but not with ordinary folk outside the State of Iowa." [*Laughter*] Does this have something to do with the timing of the first presidential primary?

The President. Sounds like some of my friends in Texas asking that question. [*Laughter*]

Mr. DeMuth. You can talk about nuclear power.

The President. Yes. [*Laughter*] The country needs to overcome its fear about nuclear power if we want to have ample electricity so we can grow and be good stewards of the environment.

Part of the problem with nuclear power was that the regulatory scheme was such that people would risk a lot of capital and then have to seek permission for final approval late in the process, and would find themselves tied up in a court of law. And so they had enormous capital spent, earning no money, waiting for permission to build the plant. And therefore, capital chose not to go into the nuclear industry.

In terms of safety, the engineering has changed dramatically from the past. And I think people who are objective on this issue would tell you that nuclear power plants are very safe.

In terms of regulatory relief, as a result of the last energy bill I signed—I think it's the last energy bill—we began to streamline the process, and as well was we provided some insurance incentives for people to start building. I'm satisfied that we're beginning to change the environment. I'm satisfied that more Americans understand why we ought to be using nuclear power. I am pleased that there are, I think, like, 13 permits that have been on application. And I am pleased that some plants are beginning to expand on their current footprint.

I am not pleased about how slow we're moving overall though. I think we ought to really get after nuclear power, I mean, if we really want to solve our dependency upon foreign energy.

What's going to happen is, by the way, the technologies will help change our habits. For example, there's going to be battery technologies in automobiles that will enable people to drive the first 40 miles on electricity. And everybody is going to—oh, that's great, hybrid plug-in batteries. The question will be, where do we get the electricity? And it's very important to pursue nuclear energy.

Secondly, I'm a big supporter—I presume I'm one of those guys you were talking about on ethanol—pandering to the corn—actually, I think it's important—I felt it was important to begin a diversification of our energy sources. And whether or not the ethanol market will stay viable, I don't know, but it has certainly become a relatively significant part of our mix right now. And I laid out a mandatory goal that we ought to head toward, because I'd rather have our farmers growing our energy than rely upon certain parts of the world that don't like us.

Presidential Transition/Defense Spending/U.S. Armed Forces

Mr. DeMuth. You mentioned the word stimulus. And as you know, your successor is thinking about a big new stimulus program emphasizing public works, I believe. An issue that has interested a lot of people at AEI recently is this: While we're looking for public expenditures to help stimulate the economy, we're also at a point where defense expenditures are I think something like 3.4 or 3.5 percent of GDP—very, very constrained. A lot of weapons systems that a lot of people like to buy from us are being closed down, even after we've only produced fewer of the weapons than had been anticipated.

One of the things we're pursuing is that a very effective stimulus program would be a significant increase in defense expenditures. Have these ideas been kicking around the White House, the Pentagon? This is just think-tankery so far. I wonder if——

The President. No, that's good. I'm glad you're doing it. No, no, we're not going to tell President-elect Obama how to run his administration, nor will I spend a lot of time second-guessing him. I believe once the President gets off the stage, you get off the stage and let the next man do the job.

Matter of fact, I worked hard to make this transition a smooth transition. I want him to succeed. And I know you do as well. And so we really haven't been trying to help him fashion an economic policy. It's his job when he gets sworn in.

And I fully understand, however, your concerns about the defense budgeting. There will be a lot of debate about systems, what's relevant and what's not relevant. One of the successes of this administration—and Secretary Rumsfeld gets a lot of credit for having started a major transformation of our military, so that the weapons systems we build are relevant to the war that we're going to be fighting in the 21st century—or, hopefully, not fighting, but be prepared to fight.

I'm sure you follow this, Chris. We've changed our basing around the world so that our forces no longer are configured based upon cold war problems, but based upon the ability to keep morale high and move quickly. Our soldiers are carrying unbelievably new technologies, using Predators to use over-the-wall intelligence to be able to have better battlefield awareness. They're well equipped.

In terms of the big systems, those will be choices that are always in conflict. I can remember campaigning in 2000, and they said, "Name a weapons system you'll get rid of." I said, the Arrow. [*Laughter*] I think it was the Arrow system; not the bow and arrow, but it was a big, huge cannon. And it turns out, the cannon had parts made in 42 States. Needless to say, it was hard to put the cannon on the shelf. I didn't think we needed a huge cannon that required enormous ships and trucks to move around in a—what turns out to be a battle that requires special operators to move in the dark of night, on real-time intelligence, in a quick way.

So there will be a lot of debate about weapons systems, no question about it. And a lot of communities around the country rely upon defense spending and the jobs that accrue as a result of defense spending.

By the way, people say, "What are you going to miss?" I know I'm not—I'm asking myself questions. [*Laughter*] But I'm going to miss being the Commander in Chief of our military. My view of America is, obviously, different from everybody else's, but I get to look at these troops, and I marvel at their courage. And I marvel at the fact that these folks have volunteered in a time of war.

And the Commander in Chief—at least I've tried to say to our troops: Thank you. Thank you for your courage; thank your families. You do that by visiting the wounded and meeting with the families of the fallen. I've been reading a lot about Abraham Lincoln recently. I just finished James McPherson's book, and, once again, he talks about how Lincoln would visit with the enlisted folks as well as the generals, visit with the widows as well as the moms, visit with the wounded. And it's going to be very important for the country as we head down the future to recognize that this all-volunteer force is—needs to be sustained by commitment as well as—by monetary commitment as well as psychological commitment. We got to be with these kids.

War on Terror

Mr. DeMuth. Another book that you famously read was Eliot Cohen's "Supreme Command." And he later went to work for you.

The President. Yes, he did.

Mr. DeMuth. Do you think he got it right in that book?

The President. I can't even remember the book. [*Laughter*] I remember reading it, but give me a synopsis. [*Laughter*]

Mr. DeMuth. That——

The President. You can't remember it either. [*Laughter*]

Mr. DeMuth. No. [*Laughter*]

The President. Just teasing. Did he work for you at AEI? Is that why you're——

Mr. DeMuth. He was on our council of academic advisers.

The President. Yes, okay. I did read it.

Mr. DeMuth. The essential point is that in history, in wartime, Presidents do well not leaving the war to the military, but being the supreme commander themselves.

The President. Oh, that's right, yes. Well, you're going to have to rely upon the military a lot. There's four basic constituencies for a President during war; one is the American people. And this has been a difficult assignment, to convince the people that what happens in Iraq matters to our own security at home; that what happens in Afghanistan matters to the security; and that—the first task was to remove the regimes that threatened peace and threatened our security. And the next task is to not replace one strongman with another, but encourage a democracy to grow, because we're in an ideological struggle. And it's the ideology of liberty that defeats the ideology of hate every time.

A second constituency was the enemy. And they got to know we're going to go after them all times, all places—unrelenting pressure on them.

Third, in the case of Iraq, were the Iraqi people; they wanted to know whether or not America was going to keep its word, because if not, they're going to find a local militia that could keep their families safe.

And the fourth is the military. And the military must know that the mission is just, the goals are clear, and the President will not be making decisions with their lives based upon an opinion poll. And, anyway.

Prime Minister Vladimir Putin of Russia

Mr. DeMuth. Thank you. You said that you'd entertain a question or two about foreign policy.

The President. Sure.

Mr. DeMuth. Let me ask you another one. You caught a lot of flak for saying that you'd looked into Vladimir Putin's soul and seen a friend.

The President. I looked in his eyes and saw his soul.

Mr. DeMuth. In his eyes and saw his soul.

The President. Right.

Mr. DeMuth. Thank you. He——

The President. Sometimes Presidents get misquoted. [*Laughter*]

Russia-U.S. Relations

Mr. DeMuth. That was in I think 2001. And the Putin of 2004 was very different, and in 2008 is different still. What's your thinking on the evolution of the Kremlin during your Presidency?

The President. First of all, there's common ground between Russia and the United States. And one area of common concern is the issue of proliferation. And there's a lot of cooperation taking place to work constructively with Russia to make sure that raw materials don't get in the hands of rogue regimes or terrorist groups.

Secondly, we found common ground on Iran, believe it or not. People don't think we have, but I know we have. And that is that the Russians are just as worried about Iran developing a nuclear weapon and the capacity to deliver it as we are.

And I've told this story publicly, that Vladimir and I were talking—I think it was, like, '06 maybe—and he went to the leader in Iran and said, "You know, George Bush thinks you should have civilian nuclear power and so do I, but we don't believe you should have the right to make that uranium, to enrich it, because you've violated IAEA treaties, and therefore, we don't believe you're trustworthy. And therefore, why don't you just take—we'll deliver the fuel, and we'll pick up the fuel, and you can have your nuclear power. And if you continue to insist on enriching, it must mean you want something other than nuclear power—civilian nuclear power like you've claimed."

Obviously, we have big differences over Georgia. And I saw Vladimir at the Olympics right as the troops moved into Georgia. And I was—I expressed my concerns, and he expressed his. I would say that our relationship is still friendly, although I haven't seen him much because there's a new President. And I really haven't had that much of a chance to get to know President Medvedev.

I will tell you that—my only point is there's common interests, and there's going to be a lot of tensions. And the President has got to be in a position where he can deal with those tensions in a way that doesn't send chilling signals with other allies.

President-Elect Barack Obama

Mr. DeMuth. I have a few general questions. At some point—maybe it's already happened—you'll sit down with President-elect

Obama, and give him a little candid President-to-President advice, lessons learned. Would you be willing to share any of that advice with the rest of us?

The President. No. [*Laughter*] He came in the Oval Office. We had a very good discussion. I was impressed by the questions he asked. And I told him I wouldn't reveal them, so that if he ever asked for my advice again, he would feel comfortable doing it knowing that it wouldn't be out there for public consumption.

I'll tell you this though; I will say this—the guy loves his family a lot. And we spent some time talking about what it meant to be—for me to be a dad with two daughters in the White House. And he's a dad who will have two daughters in the White House. And his family is a top priority for him.

Presidential Advice for Conservatives

Mr. DeMuth. I have another advice-like question. Political conservatives believe that they're in for a period in the wilderness. What advice do you have for political conservatives in the years ahead?

The President. Look at history. I think you're old enough to remember 1964. Nineteen sixty-four was a wipeout for conservatives and Republicans. In my State of Texas, the legislature was 149 Democrats and 1 Republican. [*Laughter*] And there were no Republicans in the State senate. I think there was one elected Congressman—Bruce Alger out of Dallas—and John Tower wasn't up for election. I don't know if there were any elected Republicans at the courthouse. And yet in 1966, Republicans and conservatives rebounded; one of whom got elected that year, it was George H.W. Bush, by the way, out of Houston.

And my point is, is that things go in cycles in politics. Now, what—in order to win, it's important to recruit good candidates who stand on principle. Most Americans believe what we believe: that Government ought to be limited and wise; that taxes ought to be low; that we ought to encourage entrepreneurship and small businesses; and that we ought to have a strong national defense.

And I'm a little concerned about the tone of the immigration debate, labeling our party as "anti"-people. It's one thing to say they want the border enforced, and I understand that. But if a group of people think that a political party is against them, it doesn't matter what else you stand for. And the tone, in my judgment, at times got to be "anti." At one point in our history we had too many Jewish people and too many Italians. I don't know if you remember that. And it was—I'm just confident people were saying, "I can't believe this is the America that I came to live in where I'm "anti"—people are "anti"-me."

And so we're going to have to work, like, with the Latino vote to say, we care about you, we hear you, and we share your values: faith and family, small businesses, military vets or, you know, disproportionate—more Latinos serve as a percentage of their—of population in the military than any other group, if I'm not mistaken.

So we'll come back, absolutely. And I'll be out there, the old sage, sitting around, you know—[*laughter*]—"if only you did it this way." [*Laughter*]

President's Post-Presidency Agenda

Mr. DeMuth. I have a couple of old sage questions for you.

The President. Sure, an old sage at 62, but——

Mr. DeMuth. Well——

The President. ——headed to retirement. [*Laughter*]

Mr. DeMuth. Immigration is a subject that you've—you thought a lot about——

The President. I have.

Mr. DeMuth. ——before you came to the White House, had very strong views on. Is this one of the issues that you might stay involved in in your post-White House——

The President. I'm going to stay involved in the freedom initiative, that's for certain. I am concerned that our country becomes isolationist; I really am. I—you know, there is a debate that basically says, well, maybe certain people shouldn't be free. It's like if you ever heard—people say, "Bush is imposing his view." Well, if you ever hear somebody say that, they must not understand the universality of freedom. Freedom is not mine to give. I happen to believe it's a gift of an Almighty to everybody. And therefore, the role of the United States is to help people

be free. And that—you know, sometimes, obviously, you never want to use—I mean, you only use your military reluctantly.

But I'm not talking about just freedom from tyranny. I'm talking about freedom from disease. You know, an enemy that we face, and will face for the next decades, can only recruit when they find hopeless people. Think about their recruiting posters: "Hey, join us; you get to be a suicide bomber." You have to be pretty hopeless to fall prey to that evil.

And so therefore, it's in our national interests to help free people from poverty and disease.

And so I'll be involved with the freedom movement. I'm particularly involved right now with the malaria and HIV/AIDS initiative, PEPFAR. I will be involved with free trade. As I told you, I'm worried about protectionism. I am very disappointed that the Colombia free trade agreement and the Panama free trade agreement and the South Korea free trade agreement did not get a vote prior to the election.

An initiative that I believe is a very important initiative is the faith-based and community-based initiative. The fundamental principle behind that initiative is, if your program works, we should help you, if it meets a societal need. For example, if you're a drug addict, and, you know, you believe you need a higher power to help heal your heart so you get off drugs, and the program that you're going to works, I have no problem giving a voucher to that person so they can redeem it at a program that works.

And so there will be a lot of things I'm going to do out of Southern Methodist University. I will—this will not compete with AEI. It's going to be a policy center; it will be complementary—[*laughter*]—to AEI.

Mr. DeMuth. We've talked to them.

The President. And we'll be living in Texas. Laura is going to be—listen, my wife has been a fabulous First Lady, she really has. She has used her position to be able to articulate some important causes. She heralds teachers; she promotes literacy; she believes strongly in freedom in Burma; and she is very much involved in the Afghan women. And she will continue doing—using her position as ex-First Lady to do that.

The Presidency/Texas Sport Teams

Mr. DeMuth. I have two more questions along these same lines.

The President. Okay.

Mr. DeMuth. These are very serious questions, and I'll ask them both. The first is, what will you miss the least? [*Laughter*] And the second is, when you're back in the Lone Star State, which sports teams are you going to be paying the most attention to?

The President. All Texas teams, of course. You know, I have been—first of all, some will probably say, "Oh, the press." Well, that's not true. I've had a good relationship with the White House press. I don't like some of the things they say. Of course, they don't like some of the things I say. But we've had a good relationship with the press. And the press and the Presidency is a very important relationship, and it requires a lot of work to get along. But I recognize they need me for news, and I need them for outlets. And so it's been a good relationship in some ways. I don't—as I say, I don't like everything they write, so therefore, ignore that part that I don't like. [*Laughter*]

I'll miss the petty name-calling—I mean, I won't miss it. I have been disappointed at times about the politics of personal destruction. It's not the first time it's ever happened in our history, but I was—I came with the idea of changing the tone in Washington, and frankly, didn't do a very good job of it. You know, war brings out a lot of heated rhetoric and a lot of emotion; I fully understand that. I know that's the case. But surely we can do a better job in Washington of treating each other with respect. I don't want to be a self-serving fellow, but I have never used my position as President to personally denigrate somebody.

And so that's something—I'm not going to miss it at all. I'm disappointed in how—the words that came out of people's mouth, and I'm very disappointed of how the process has treated some of my friends. I'm disappointed in the judicial process, for example, where our nominees just got held out there forever. Never had a chance to get a hearing, and yet all kinds of stuff were occasionally floated on them about their reputations. It's going to be hard to attract good people to the political process if people show up and feel like

that their integrity or decency will be, you know, challenged at every turn. There's nothing wrong with challenging policy. There is something wrong with tearing people down for the—trying to help somebody else gain politically.

And I won't miss—I'll miss a lot. As I told you, I'll miss being the Commander in Chief. I'll miss the people I've worked with in the White House. We have a—I tell people, some days happy, some days not so happy—every day is joyous. And that's a true statement. I'm working with some awesome people, and I love them dearly and will miss seeing them every morning. But since I'll be an e-mailer again, I'm sure I'll be able to—[*laughter*]—stay in touch.

Mr. DeMuth. President Bush, I—permit me to thank you for coming over here and for these very deep reflections. I'd also like to impose my thanks and that of my colleagues to you for your great service to America——

The President. Thank you.

Mr. DeMuth. ——and for your steadiness of purpose and your tremendous optimism and idealism and serenity of mind, which has been just astonishing to behold.

The President. Thank you, sir.

Mr. DeMuth. And I know that these will not be your last words, and I know that we all look forward to welcoming you back to AEI as Citizen Bush early and often.

The President. Thank you, sir. Thanks for letting me come by. God bless.

NOTE: The President spoke at 10:44 a.m. at the Renaissance Mayflower Hotel. In his remarks, he referred to Christopher DeMuth, president, American Enterprise Insititute; Leon Kass, former Chairman, President's Council on Bioethics; former Secretary of State George P. Shultz; former Secretary of Defense Donald H. Rumsfeld; President Mahmud Ahmadi-nejad of Iran; President Dmitry Medvedev of Russia; and former Rep. Bruce Alger of Texas. The Office of the Press Secretary also released a Spanish language transcript of these remarks. A portion of these remarks could not be verified because the tape was incomplete.

Interview With Steve Scully of C–SPAN

December 18, 2008

The Presidency

Mr. Scully. Mr. President, as we speak to you in the Oval Office, you're really one of only two individuals that can view the Presidency through your dad's eyes and your own. What has surprised you about this job?

The President. Well, first of all, being the son of the President is much harder than being the President. I agonized for my dad. When they would say things about him that I didn't think were fair, I agonized, because I love him so much. And I sometimes didn't react so well. I mean I would get angry at whoever said it and, you know; anyway, I was frustrated.

The President is a much different role, and therefore, I mean, I understand it comes with the job when people say things about you. And so we've got kind of a role reversal. My dad agonizes when he reads stuff about me. So I found that being President is actually easier than being the son of the President in many ways.

2004 Presidential Election

Mr. Scully. You took the job with a Florida recount, a shortened transition period, and as you reflect on that time 8 years ago, were you in any way at a disadvantage in taking over this office?

The President. That's an interesting question. I do think it—the Florida recount set kind of an ugly mood amongst some in the electorate. In other words, the election was—in their minds, was in doubt. That made it harder to come as a—to unify the country after the election.

In terms of the transition, we had—I had a lot of experienced people that were ready to hit the ground. And they did a remarkable job of getting us ready to assume office when we did.

Presidents Meeting

Mr. Scully. You announced yesterday that the former Presidents will meet with the incoming President——

The President. Right.